GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

STARRED QUESTION NO:413
ANSWERED ON:16.04.2001
EXEMPTION OF INTERNATIONAL AIRLINES FOR TAXES ON ATF
DR. KIRIT SOMAIYA

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether according to Air Services Agreement signed by India with other countries, the international airlines are exempted from paying all national duties and levies on fuel on reciprocal basis;

(b) if so, the details thereof;

(c) whether the opinion of the Ministry of Law, Justice and Company Affairs has been sought in this regard;

(d) if so, the details thereof;

(e) whether any State Governments have been charging sales tax on Air Traffic Fuel on international airlines and the Union Government are compensating them; and

(f) if so, the final decision taken by Union Government in this regard?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)

(a), (b), (c), (d), (e) and (f): A statement is laid on the Table of the House.

Statement in reply to part (a), (b), (c), (d), (e) and (f) of Lok Sabha Starred Question Dy.No.413 for answer on 16.4.2001

a) and (b): Most of the bilateral air services agreements signed by Government of India with other countries provide for, on reciprocal basis, either grant of outright exemption for payment of customs duty, local duties, taxes etc. on Aviation Turbine Fuel(ATF) and other items uplifted by aircraft of one contracting state from the territory of other contracting state or grant of Most Favoured Nation (MFN) treatment in these matters to the airlines of the contracting states.

(c) and (d): Ministry of Law is invariably consulted before the bilateral air services agreements are actually entered into.

(e) and (f): In order to fulfil these obligations, the Central Government was earlier paying subsidy to the State Governments for exempting international airlines from levy of Sales Tax on ATF uplifted by them from India. This scheme of subsidy has been discontinued. A bill for enacting a legislation under article 253 of the Constitution to exempt from all duties and taxes, the fuel and lubricants uplifted by an aircraft registered in another state operating international services to, from and through India has been introduced in the Lok Sabha on 19.12.2000.